

PDAAS-272
42497

Audit of
KOBAS ASSOCIATES, INC.
Audit Report No. 0-000-84-13
November 30, 1983

KOBA ASSOCIATES, INC.

Background

Koba Associates, Inc. is a minority-owned and operated small business founded in 1968. From its inception, Koba Associates, Inc. has performed over 120 research and management consulting projects for diverse clients primarily in the public sector.

The purpose of Contract No. AID-497-80-100-72 was to assist the Government of Indonesia's Ministry of Health (MOH) improve its capabilities in the areas of health planning, health education, and health research and development. The contractor was to provide technical assistance for a three-year period starting September 15, 1980.

Purpose and Scope

The Office of the Regional Inspector General for Audit/Washington (RIG/A/W) has performed an audit of costs incurred under Contract No. AID-497-80-100-72 for the period from September 15, 1980 through September 30, 1982. The Defense Contract Audit Agency (DCAA) had reviewed indirect cost rates for Fiscal Years ended September 30, 1980, 1981 and 1982. The results of their review have been incorporated in this report.

The purpose of our examination was to determine whether costs claimed were proper, allowable, and reasonable.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Contract Costs

During the period September 15, 1980 through September 30, 1982, Koba Associates, Inc. had been reimbursed \$1,449,049 for costs and fixed fee. As a result of our review, we recommend acceptance of \$1,522,368 (see Exhibit A). The balance of \$73,319 represents an upward audit adjustment comprised as follows:

Costs Incurred But Not Billed	\$ (54,576)
Costs Erroneously Billed	1,747
Costs Questioned By USAID/Indonesia That Are Now Supported	(17,306)
Unallowable Costs	15,008
Unsupported Costs	1,240
Overhead Costs Questioned	60,434
G&A Costs Due Contractor	(71,808)
Additional Fee Due Contractor	(8,058)
Amount Due Contractor	<u>\$ (73,319)</u>

Recommendation No. 1.

USAID/Indonesia should take appropriate action to ensure settlement of the \$73,319 additional costs and fixed fee due Koba Associates, Inc.

Indirect Costs

The indirect cost rates determined by DCAA for Fiscal Years ended September 30, 1980, 1981 and 1982, are shown in the attached DCAA audit report. The proposed and audited indirect cost rates are summarized as follows:

	<u>Proposed</u>	<u>Accepted</u>
FY 1980 - Overhead	132.00%	128.80%
FY 1980 - G&A	15.30%	14.95%
FY 1981 - Overhead	98.20%	95.00%
FY 1981 - G&A	15.40%	15.35%
FY 1982 - Fringe Benefits	34.70%	34.70%
FY 1982 - Overhead	43.80%	43.80%
FY 1982 - G&A	19.00%	18.30%

Recommendation No. 2

The Office of Contract Management (M/SER/CM) should finalize indirect cost rates for Fiscal Years 1980, 1981 and 1982.

Accounting System

A review of Koba's accounting system disclosed numerous problems which had an impact on contract costs reported to USAID/Indonesia. Due to the numerous errors, actual costs incurred, booked costs, and costs claimed all differ. In addition, DCAA noted that employee timesheets did not properly reflect the actual hours worked.

With the assistance of the CPA firm employed by Koba, we were able to reconcile actual costs incurred. Also, as a result of our discussions, Koba's management has taken steps to correct the accounting deficiencies. Therefore, we are not making a formal recommendation at this time.

KOBA ASSOCIATES, INC.
Contract No. AID-497-80-100.72
Summary of Costs Reimbursed, Accrued and Accepted
September 15, 1980 Through September 30, 1982

	<u>Costs Reimbursed</u>	<u>Costs Questioned</u>	<u>Costs Accepted</u>
Direct Labor	\$ 193,919	\$ (2,721) 1/	\$ 196,640
Fringe Benefits	-	(37,147) 2/	37,147
Overhead	193,548	60,434 3/	133,114
Subcontracts	548,460	(4,951) 4/	553,411
Other Direct Costs	<u>254,040</u>	<u>(9,068) 5/</u>	<u>263,108</u>
Subtotal	\$1,189,967	\$ 6,547	\$1,183,420
G&A Expense	128,743	(71,808) 6/	200,551
Fee	<u>130,339</u>	<u>(8,058) 7/</u>	<u>138,397</u>
Total Costs & Fixed Fee	<u>\$1,449,049</u>	<u>\$(73,319)</u>	<u>\$1,522,368</u>

Explanatory Notes:

1/ Fiscal Year 1981 direct salaries are adjusted as follows:

	<u>Total</u>
A. Direct labor incurred but not billed.	\$(3,386)
B. Direct labor erroneously billed.	<u>665</u>
Additional direct labor due contractor	<u>\$(2,721)</u>

2/ Represents an allowance for fringe benefits (prior to 1982, fringe benefits were part of overhead) as follows:

	<u>Total</u>
Direct Labor	\$107,053
Audited Fringe Benefit Rate	<u>X 34.7%</u>
Allowance for Fringe Benefits	<u>\$(37,147)</u>

3/ Represents overhead adjustments as follows:

	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>Total</u>
Overhead Reimbursed/Accrued				\$193,548
Direct Labor Reimbursed/Accrued	\$3,306	\$83,560	\$107,053	
Audit Adjustments	<u>-</u>	<u>(2,721)</u>	<u>-</u>	
Total Direct Labor	\$3,306	\$86,281	\$107,053	
Audited Overhead Rates	<u>X128.8%</u>	<u>X 95.0%</u>	<u>X 43.8%</u>	
Accepted Overhead	<u>\$4,258</u>	<u>\$81,967</u>	<u>\$46,889</u>	<u>133,114</u>
Overhead Adjustments				<u>\$60,434</u>

Explanatory Notes (Cont'd):

4/ Represents Management Sciences for Health subcontract costs that should be provisionally accepted until they are audited. Koba rebilled the net costs on Voucher 76 after they were questioned by USAID due to lack of sufficient information. Costs were originally questioned as follows:

	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>Total</u>
VO 1	\$2,832	\$(2,832)	\$ -	\$ -
VO 31	-	-	(3,281)	(3,281)
VO 33	-	-	(110)	(110)
VO 34	-	-	(1,560)	(1,560)
Subcontract Adjustments	<u>\$2,832</u>	<u>\$(2,832)</u>	<u>\$(4,951)</u>	<u>\$(4,951)</u>

Explanatory Notes (Cont'd):

5/ Represents other direct cost adjustments as follows:

	<u>FY 1981</u>	<u>FY 1982</u>	<u>Total</u>
A. Unused housing funds advanced on Voucher 8.	\$13,500	\$ -	\$13,500
B. Overbilling of on-site expenses.	1,438	-	1,438
C. Unbilled travel and telephone costs amounting to \$7,950 and \$167, respectively.	(8,117)	-	(8,117)
D. Telegrams to Nigeria, Kenya, and Sierra Leone not applicable to this contract (billed on Voucher 17).	181	-	181
E. Entertainment costs billed on Voucher 31 are unallowable.	-	70	70
F. Travel costs previously questioned due to lack of documentation are now supported.	-	(2,272)	(2,272)
G. A telegram to Khartoum not applicable to this contract (billed on Voucher 35).	-	86	86
H. Travel costs previously questioned due to lack of documentation are now supported.	-	(494)	(494)
I. Air shipment of automotive equipment to Mali not applicable to this contract (billed on Voucher 35).	-	725	725
J. Word processing costs that were erroneously omitted on Voucher 36.	-	(48)	(48)
K. A telegram to Mali not applicable to this contract (billed on Voucher 36).	-	90	90
L. Unsupported communications costs billed on Voucher 41.	-	1,240	1,240
M. On-site expenses questioned on Voucher 43 due to lack of documentation are now supported.	-	(3,969)	(3,969)
N. Allowable on-site expenses that were never billed.	-	(5,878)	(5,878)
O. Travel advances questioned on Voucher 43 are now supported by actual expenses.	-	(5,620)	(5,620)
Other Direct Cost Adjustments	<u>\$7,002</u>	<u>\$(16,070)</u>	<u>\$(9,068)</u>

Explanatory Notes (Cont'd):

6/ Represents G&A expense adjustments as follows:

	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>Total</u>
G&A Reimbursed/Accrued				\$128,743
Direct Costs & Overhead Reimbursed/Accrued	\$21,235	\$528,473	\$640,259	
Audit Adjustments:				
Direct Labor	-	(2,721)	-	
Fringe Benefits	-	-	(37,147)	
Overhead	(1,118)	6,357	55,195	
Subcontracts	2,832	(2,832)	(4,951)	
Other Direct Costs	<u>-</u>	<u>7,002</u>	<u>(16,070)</u>	
Total Costs Except for G&A	\$19,521	\$520,667	\$643,232	
Audited G&A Rates	<u>X 14.95%</u>	<u>X 15.35%</u>	<u>X 18.30%</u>	
Accepted G&A Expense	<u>\$2,918</u>	<u>\$79,922</u>	<u>\$117,711</u>	<u>200,551</u>
G&A Expense Adjustments				<u>\$(71,808)</u>

Explanatory Notes (Cont'd):

7/ Represents fee adjustment as follows:

Fee Reimbursed		\$130,339
Costs Except for G&A	\$1,183,420	
G&A Expense	<u>200,551</u>	
Total Cost	\$1,383,971	
Billable Fee Rate	<u>X 10.00%</u>	<u>138,397</u>
Additional Fee Due Contractor		<u>\$(8,058)</u>

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REPORT ON AUDIT OF INCURRED COSTS
FOR FISCAL YEARS ENDED 31 MAY 1976, 1977, 1978, FOR
TRANSITION PERIOD 1 JUNE THROUGH 30 SEPTEMBER 1978, AND FOR FISCAL YEARS
ENDED 30 SEPTEMBER 1979, 1980, 1981, AND 1982
KOBA ASSOCIATES, INC.
WASHINGTON, D.C.

The Defense Contract Audit Agency has no objection to the release of this report, at the discretion of the Contracting Officer, to the duly authorized representatives of KOBA Associates, Inc.

Under the provisions of Title 32, Code of Federal Regulations, Part 290.26(b)(2) (as amended August 10, 1977), all Freedom of Information Act requests for audit reports received by DCAA will be referred to the cognizant Contracting Officer for determination as to releasability and a direct response to the requestor.

Contractor information contained in this audit report may be confidential. The restrictions of 18 USC 1905 should be considered before this information is released to the public.

This report may not be released to any Federal agency outside the Department of Defense without the approval of Headquarters, DCAA, except to an agency requesting the report in negotiating or administering its contract.

DEFENSE CONTRACT AUDIT AGENCY
PHILADELPHIA REGION
DISTRICT BRANCH OFFICE
LANDOVER, MARYLAND

AUDIT REPORT NO. 6261-2C160.303

DATE OF REPORT: 17 May 1983

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FOR GC Memo
of 11/21/07
Jett Johnson

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DEFENSE CONTRACT AUDIT AGENCY

PHILADELPHIA REGION
DISTRICT BRANCH OFFICE
8181 PROFESSIONAL PLACE, SUITE 101
LANDOVER, MARYLAND 20785

IN REPLY REFER TO

6261-2C160.303

17 May 1983

SUBJECT: Report on Audit of Incurred Costs for the
Fiscal Years Ended 31 May 1976, 1977, 1978, for
Transition Period 1 June Through 30 September 1978,
and for the Fiscal Years Ended 30 September 1979, 1980,
1981, and 1982
KOBA Associates, Inc.
2000 Florida Avenue, N.W.
Washington, D.C. 20009
Audit Report No. 6261-2C160.303

TO: Department of Health, and Human Services
Regional Audit Director
P.O. Box 13716
Philadelphia, PA 19101

1. Purpose and Scope of Audit. We have examined the books and records of KOBA Associates, Inc., for the fiscal years ended 31 May 1976, 1977, 1978, for the transition period 1 June through 30 September 1978, and for the fiscal years ended 30 September 1979, 1980, 1981, and 1982 to determine the acceptability of claimed direct and indirect expenses and the establishment of final negotiated overhead rates based on the company's overhead submissions. The proposed rates are for application to the cost reimbursable type contracts listed in Exhibit C of this report, which require negotiated overhead rates.

2. Special Circumstances Affecting the Examination. During the course of our audit, KOBA Associates instituted timekeeping procedures to limit the time reported on timesheets to 8 hours each day. However, based on our observations and floorchecks, some employees were working more than 8 hours each day. Accordingly, for portions of 1981 and 1982, we were unable to determine the impact on direct and indirect costs due to employees not recording the total work hours.

3. Conclusions. The detailed conclusions and recommendations resulting from our audit are included in the Exhibits and Appendix of this report.

We discussed our findings with Mr. Ford Johnson, President, and other KOBA Associates, Inc. officials, who concurred with our findings. The contractor's concurrence letter which shows the audit determined rates for the subject audit period is attached as Appendix 1.

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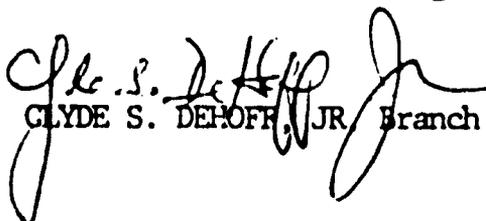
17 May 1983

We will be pleased to furnish accounting counsel and any additional audit service which you may require. If you should have any further questions, please contact Mr. John P. Blaine, Supervisory Auditor. Our telephone number is (301) 436-2090.

The information contained in this report should not be used for purposes other than that intended without prior consultation with this office regarding its applicability.

Upon final negotiations, we would appreciate receiving a copy of the negotiation memorandum in accordance with your directive.

Defense Contract Audit Agency


GLYDE S. DEHOFF, JR. Branch Manager

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KOBA Associates, Inc.
Washington, D.C.

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KOBA Associates, Inc.
Washington, D.C.

Summary of Direct Costs Questioned for the Fiscal Years Ended
31 May 1978, Transition Period 1 June 1978 Through 30 September 1978
and for Fiscal Years Ended 30 September 1979 and 1981

<u>Contract No.</u>	<u>1978</u>	<u>Transition 1978</u>	<u>1979</u>	<u>1981</u>	<u>Total</u>	<u>Notes</u>
223-77-7029	\$(278)	\$3254	\$(1680)		\$1296	2
J-LEAA-005-79				\$6900	\$6900	3

() denotes upward adjustment

Explanatory Notes

1. The results of our audit are qualified as explained in Paragraph 2. There were no direct costs questioned for fiscal years 1976, 1977, 1980, and 1982.

2. The questioned amounts for 1978 and 1979 related to professional fees for Robert MacKenzie for costs related specifically to this contract which were included in the overhead account. We have reclassified these amounts to this contract. Costs for the transition period 1978 consist of (\$562) for Robert MacKenzie and \$3,816 for computer costs. The computer costs were for amounts paid to the Parklawn Computer Center. These amounts were paid directly by the Department of Health and Human Services and do not represent a valid expense to the company.

3. The questioned amount represents conference income which was not offset against the conference expenses of this contract.

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KOBA Associates, Inc.
Washington, D.C.

Summary of Contractor's Proposed Indirect Expenses and Results
of Audit Review for the Fiscal Years Ended 31 May 1976, 1977,
1978, Transition Period 1 June 1978 Through 30 September 1978 and for
Fiscal Years Ended 30 September 1979, 1980, 1981, and 1982

<u>Indirect Expense</u>	<u>Contractor's Proposed</u>	<u>Results of Audit Review (Note 1)</u>	
		<u>Cost Questioned</u>	<u>Reference Notes</u>
<u>Fiscal Year 1976</u>			
Overhead Pool	\$ 150,917	\$ 5,356	2
Overhead Base (a)	\$ 147,031		
Rate	102.6%	3.60%	
G&A Pool	\$ 46,677		
G&A Base (b)	\$ 354,984		
Rate	13.1%		
<u>Fiscal Year 1977</u>			
Overhead Pool	\$ 128,161	\$ 11,632	3
Overhead Base (a)	\$ 103,853		
Rate	123.4%	11.20%	
G&A Pool	\$ 45,109	\$ 714	4
G&A Base (b)	\$ 366,699		
Rate	12.3%	.19%	
<u>Fiscal Year 1978</u>			
Overhead Pool	\$ 147,529	\$ 14,421	5
Overhead Base (a)	\$ 124,321		
Rate	118.6%	11.60%	
G&A Pool	\$ 48,278	\$ 1,224	6
G&A Base (b)	370,822		
Rate	13.0%	.33%	

<u>Indirect Expense</u>	<u>Contractor's Proposed</u>	<u>Results of Audit Review (Note 1)</u>	
		<u>Cost Questioned</u>	<u>Reference Notes</u>
<u>Transition Period 1978</u>			
Overhead Pool	\$ 97,332	\$ 11,346	7
Overhead Base (a)	\$ 84,672		
Rate	115.0%	13.40%	
G&A Pool	\$ 20,523	\$ 476	8
G&A Base (b)	\$ 246,583	\$ 3,816	9
Rate	8.3%	.04%	
<u>Fiscal Year 1979</u>			
Overhead Pool	\$ 410,557	\$ 13,790	10
Overhead Base (a)	\$ 393,973		
Rate	104.2%	3.50%	
G&A Pool	\$ 224,727	\$ 1,842	11
G&A Base (b)	\$1,240,868	\$ (4,932)	12
Rate	18.1%	.21%	
<u>Fiscal Year 1980</u>			
Overhead Pool	\$ 788,817	\$ 19,125	13
Overhead Base (a)	\$ 597,548		
Rate	132.0%	3.20%	
G&A Pool	\$ 375,081	\$ 3,110	14
G&A Base (b)	\$2,449,768	\$(38,364)	15
Rate	15.3%	.35%	

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<u>Indirect Expense</u>	<u>Contractor's Proposed</u>	<u>Results of Audit Review (Note 1)</u>	
		<u>Cost Questioned</u>	<u>Reference Notes</u>
<u>Fiscal Year 1981</u>			
Overhead Pool	\$ 747,028	\$ 24,350	16
Overhead Base (a)	\$ 760,504		
Rate	98.2%	3.2%	
G&A Pool	\$ 384,548	\$ 1,244	17
G&A Base (b)	\$2,496,474		
Rate	15.4%	.05%	
<u>Fiscal Year 1982</u>			
Fringe Benefit Pool	\$ 379,602	\$	
Fringe Benefit Base (c)	\$1,094,178		
Rate	34.7%		
Overhead Pool	\$ 166,296		
Overhead Base (d)	\$ 379,850		
Rate	43.8%		
G&A Pool	\$ 524,867	\$ 19,450	18
G&A Base (b)	\$2,761,674		
Rate	19.0%	.70%	

- (a) The allocation base consists of direct labor dollars.
- (b) The allocation base consists of total costs before G&A.
- (c) The allocation base consists of total direct and indirect labor dollars.
- (d) The allocation base consists of direct labor dollars conclusive of direct labor for an offsite Drug Enforcement Administration contract.

Government participation in the indirect allocation bases is shown below:

	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>1978 Transition</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>
<u>Overhead</u>								
Cost & Flexible Work	79.8%	79.8%	59.2%	72.4%	83.5%	93.1%	82.4%	93.4%
Firm-Fixed Price and Commercial work	<u>20.2%</u>	<u>20.2%</u>	<u>40.8%</u>	<u>27.6%</u>	<u>16.5%</u>	<u>6.9%</u>	<u>17.6%</u>	<u>6.6%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>G&A</u>								
Cost & Flexible Work	75.0%	72.9%	60.0%	74.1%	77.3%	90.2%	84.6%	98.0%
Firm-Fixed Price and Commercial work	<u>25.0%</u>	<u>27.1%</u>	<u>40.0%</u>	<u>25.9%</u>	<u>22.7%</u>	<u>9.8%</u>	<u>15.4%</u>	<u>2.0%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Explanatory Notes:

1. The results of our audit are qualified as explained in Paragraph 2. In addition, since the contractor has concurred to the rates and because of the voluminous nature of specific details of questioned items, we have limited our explanations in Notes 2 through 18 below to general descriptions of questioned amounts. However, the detail for specific questioned items are contained in our workpapers and are available upon request.

2. The questioned amount consisted primarily of personal use of the company vehicles and associated expenses (e.g., gasoline, repair and maintenance, insurance, taxes and tags). In addition, there were questioned costs for fines, penalties, and officer's life insurance.

3. The questioned costs were the same as explained in Note 2 above and also expenses for duplication and printing which were not offset by income as required by FPR 1-15.201-5.

4. The questioned amount consisted entirely of officer's life insurance.

5. The questioned cost included personal vehicle use, fines and penalties, and printing and duplication expense not offset by income as explained in the previous notes. In addition, there were expenses for the company president's YMCA membership, contributions and donations, rental space used by other related organizations and costs related to contract No. 223-77-7029.

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6. Questioned cost is the same as explained in Note 4 of this Exhibit.
7. The questioned amount relates to the same items described in Note 5 and amortization of organizational expenses of \$4,775.
8. Questioned costs are the same as explained in Note 4 above.
9. The questioned base cost represents computer costs paid directly by the contracting agency.
10. The questioned amounts included personal vehicle usage, fines and penalties, YMCA membership, rental space for related organizations, and costs applicable to contract No. 223-77-7029 as explained in the prior notes of this Exhibit. Also included in questioned costs were unsubstantiated travel allowances, an unsubstantiated payment to the company president's brother and printing and duplication expenses related to a religious organization with which the company president is associated.
11. Questioned costs represent fines and penalties and a loss on disposal of equipment which resulted from the donation of those items to a religious organization with which the company president is affiliated.
12. The questioned base cost represents unallowable overhead expenses which were incorrectly excluded from the general and administrative base by the contractor.
13. Questioned costs include personal vehicle use, fines and penalties, a health club membership for the president, and unsubstantiated travel allowances as previously explained in other notes to this Exhibit. In addition, we questioned costs for first class fares, undocumented lunches and dinners, and other unsubstantiated expenses.
14. The questioned amount consists of unsubstantiated travel allowances, fines and penalties, entertainment and other unsubstantiated expenses.
15. The questioned base costs represent direct costs excluded by the contractor due to contract provisions which prohibit the application of general and administrative expenses to these costs. We have included these costs in accordance with FPR 1-15.203.
16. Questioned costs represent the same items as described in Note 12 above. In addition, we questioned \$9,820 which related to contract No. AID/497-80-10072.
17. The questioned amount represents a loss on the sale of equipment (vehicle). In our opinion, the loss resulted from selling the automobile, a 1973 Mercury Comet, at a price well below the actual value to the sister of the company president's wife. The contractor concurred.
18. The questioned amounts represent items similar to those items questioned in Note 12 above.

KOBA Associates, Inc.
Washington, D.C.

Schedule of Cost Reimbursable Type Contracts

Department of Health and Human Services

Nol-CN-55259
HRA 230-76-0093
223-77-7029
HRA 230-77-0127
HRA 232-78-0122
HRA 232-78-0143
NIDA 271-78-4625
NIDA 271-79-1411
NIDA 271-79-6203
NIDA 271-79-3607
ADM 281-81-0016
282-79-0083
233-80-4002
NIDA 271-80-1512
240-80-0024
233-80-2038
100-79-0149

Department of State - Agency for International Development

AID-OTR-C-1705

Department of Justice

J-LEAA-005-79
J-LEAA-007-80
J-LEAA-009-80
J-JSIA-008-82
J-JSIA-009-82
J-JSIA-010-82

United States Environmental Protection Agency

EPA-68-01-5951
EPA-68-01-5961

Department of Transportation

DTRH-22-80-C-7053

Department of Energy

DE-AC01-81ER-10223 (a)
DE-AC01-82ER-30033 (a)

National Science Foundation

DAR-76-83410

(a) Audit determined indirect rates

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8181 PROFESSIONAL PLACE, SUITE 101
LANDOVER, MARYLAND 20785

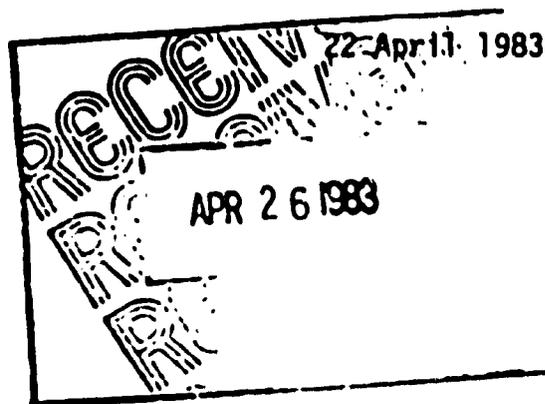
IN REPLY REFER TO

6261-C

Koba Associates, Inc.
2000 Florida Avenue, N.W.
Washington, D.C. 20009

Attention: Mr. Ford T. Johnson, Jr.
President

Dear Mr. Johnson,



This letter establishes final indirect expense rates determined by audit for the fiscal years ended 31 May 1976, 1977 and 1978, for the transition period 1 June through 30 September 1978 and for the fiscal years ended 30 September 1979, 1980, 1981 and 1982. The following rates have been determined and are submitted for your approval.

	<u>Rate</u>	<u>Allocation Base</u>
<u>Fiscal Year 1976</u>		
Overhead	99.00%	Direct Labor
General & Administrative	13.10%	Total Costs Excluding G&A
<u>Fiscal Year 1977</u>		
Overhead	112.20%	Direct Labor
General & Administrative	12.11%	Total Costs Excluding G&A
<u>Fiscal Year 1978</u>		
Overhead	107.00%	Direct Labor
General & Administrative	12.67%	Total Costs Excluding G&A
<u>Transition Period 1978</u>		
Overhead	101.60%	Direct Labor
General & Administrative	8.26%	Total Cost Excluding G&A
<u>Fiscal Year 1979</u>		
Overhead	100.70%	Direct Labor
General & Administrative	17.89%	Total Costs Excluding G&A
<u>Fiscal Year 1980</u>		
Overhead	128.80%	Direct Labor
General & Administrative	14.95%	Total Costs Excluding G&A
<u>Fiscal Year 1981</u>		
Overhead	95.00%	Direct Labor
General & Administrative	15.35%	Total Costs Excluding G&A

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Koba Associates, Inc.
Washington, D.C.

22 April 1983

	<u>Rate</u>	<u>Allocation Base</u>
<u>Fiscal Year 1982</u>		
Overhead	43.80%	Direct Labor Exclusive of DEA
Fringe Benefits	34.70%	Total Direct & Indirect Labor
General & Administrative	18.30%	Total Costs Excluding G&A

These rates are applicable to the base costs for contracts with audit determined indirect rate. This agreement will not change any monetary ceiling, contract obligation or specific cost allowance or disallowance provided for in the contracts.

Please confirm your acceptance of the terms of this rate agreement by signing and returning this letter. A copy is enclosed for your records.

Also, please sign, date and return the enclosed "Certificate of Current Cost or Pricing Data", regarding your indirect cost rate proposals and support data for the contracts cited above.

Sincerely,


 CLYDE S. DeHOFF
 Branch Manager

Encl.

Koba Associates, Inc. accepts the above stated indirect costs rates.

Name Ford T. Johnson, Jr.

Signature 

Title President

Date 4/26/83

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CERTIFICATE OF CURRENT COST OR PRICING STATEMENT

This is to certify that, to the best of my knowledge and belief, cost or pricing data as defined in:

Defense Acquisition Regulation, Section 3-807.1(a)(1)

AND

Federal Procurement Regulation Section 1-3.807.3(h)(1)

Other: _____

actually submitted, or specifically identified in writing, to the Contracting Officer or his representative in support of proposed final indirect expense rates for Fiscal Year(s) Ending 31 May 1976, 1977 and 1978, transition period 1 June through 30 September 1978, 1979, 1980, 1981 and 1982 are accurate, complete and current as of 4/21/83

Firm Koba Associates, Inc.
Name Ford T. Johnson, Jr.
Title President

4/26/83

Date of Execution

* This shall be the date when the audit determined rates were agreed to.

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Audit of
KOBA ASSOCIATES, INC.

List of Report Recipients

Assistant to the Administrator for Management, AA/M	1
Associate Assistant to the Administrator for Management Services, M/AAA/SER	1
Audit Liaison Office, M/AAA/SER	1
Office of Financial Management, M/FM/ASD	2
Office of Contract Management, M/SER/CM	5
Office of the General Counsel, GC	1
Office of Legislative Affairs, LEG	1
Office of Public Affairs, OPA	2
Office of the Inspector General, IG	1
Mission Director, USAID/Indonesia	1
Controller, Jakarta, Indonesia	1
RIG/A/Manila	1
IG/PPP	1
IG/II	1
IG/EMS/C&R	16